

Shoreline Street End Fee Methodology

Goal: Update existing Shoreline Street End Use Fee Methodology

- Improve consistency with policies surrounding Shoreline Street Ends
- Improve program implementation
- Increases equity in fee determination
- Support ongoing use by Industrial/Maritime fee base, per Council direction

September 28, 2010

Shoreline Street End Policies

1996 Resolution

- Outlined policies to preserve and promote public use of Shoreline Street Ends
 - Compatibility with Comprehensive Plan, Neighborhood planning
 - Compatibility with existing surroundings:
 - maritime uses, topography, pedestrian/vehicular/freight movement and circulation

1999 Ordinance

- Identified 149 sites
- Codified that public access is the primary purpose of Shoreline Street Ends
- Established policy of discouraging private uses
 - Established distinct permit type with aggressive fee structure
 - Fees to be used for enhancement, permitting and enforcement

Policy Impacts

- Initial impact of fees resulted in reduced private uses
- In 1999 approximately 98 private uses
- Today 35 permits totaling ~\$170,000 in fees
- At least 36 have been opened to the public



Current Fee Methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Barrier to Entry		
Established by City Appraiser	x	Square footage footprint of encroachment	x	Consistent with City Appraiser's market value return of right-of-way (~8%)	x	Estimated demand of probable use	x	Amount encroachment keeps public out of Street End	=	Annual Permit Fee

Current Fee Methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Barrier to Entry		
Established by City Appraiser	x	Square footage footprint of encroachment		Consistent				Amount of encroachment steps out street	=	Annual Permit Fee
<p>Land Value</p> <p>Established in 1999 by City Appraiser through physically inspecting each Street End, defining geographic neighborhoods, performing statistical analysis on comparable sales within neighborhood</p>										

Current Fee Methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Barrier to Entry		
Established by City Appraiser	x	Square footage footprint of encroachment	Use Area Determined through field inspection, surveys and measurements					Amount of encroachment in square feet	=	Annual Permit Fee
				Consistent						

Current Fee Methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Barrier to Entry		
Established by City Appraiser	x	Square footage footprint of encroachment		Consistent						Annual Permit Fee
<p>Rate of Return</p> <p>Annual rate of return to the land, estimated. Also known as a land capitalization rate (ratio of land income to land value). The 8% rate for 2011 is applied to all shoreline street end encroachment property and is established by the City Appraiser.</p>										

Current Fee Methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Barrier to Entry		
Established by City Appraiser	x	Square footage footprint of encroachment		Consistent				Amount of encroachment in square feet	=	Annual Permit Fee
<p>Demand Probability Factor</p> <p>Deflates Fee Factor of 0.1 to 1.0</p> <p>Estimated demand of probable use of a site based on location, access, size, view, and topography, as established by the City Appraiser in 1997.</p>										

Current Fee Methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Barrier to Entry		Annual Permit Fee
Established by City Appraiser	x	Square footage footprint of encroachment		Consistent					=	
<div>Barrier To Entry</div> <div> Deflates Fee From 0.1 to 1.0 Determined based on the “message” that the encroachment presents to keep the public out of the use area. Over time, most have become 1.0 </div>										

Problems with Current Methodology

1. Land Value

- City Appraiser has limited resources
- Not transparent – requires Neighborhood by Neighborhood analysis
- Appraisals are easy to dispute
- Redundant with County Assessor data

2. Barrier to Entry

- Redundant with Use Area

3. Other Problems

- Does not reflect City Comprehensive Plan, or Council direction, to support industrial uses

Proposed methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Industrial Discount Factor		
King County tax assessed value of abutting parcel(s)	x	Square footage footprint encroachment		Consistent with				50%		Annual Permit Fee
<div>Land Value</div> <div>Replaces cumbersome Appraisal process with King County Assessor's data for the abutting parcel's land value.</div>										

Benefits:

Regular updates to Land Values

Transparent

- Permittee can know fee in advance of permit renewal

Consistent with Skybridge and other Term Permit process

Proposed Methodology

Land Value		Use Area		Rate of Return		Demand Probability Factor		Industrial Discount Factor		
King County tax assessed value of abutting parcel(s)	x	Square footage footprint encroachment		Consistent with				50%		Annual Permit Fee
<p>Industrial Discount Factor</p> <p>To support City's policy of protecting industrial business, adopts an additional deflator, a 50% discount applied to all permits within industrially-zoned land.</p>										

Industrial Discount Factor

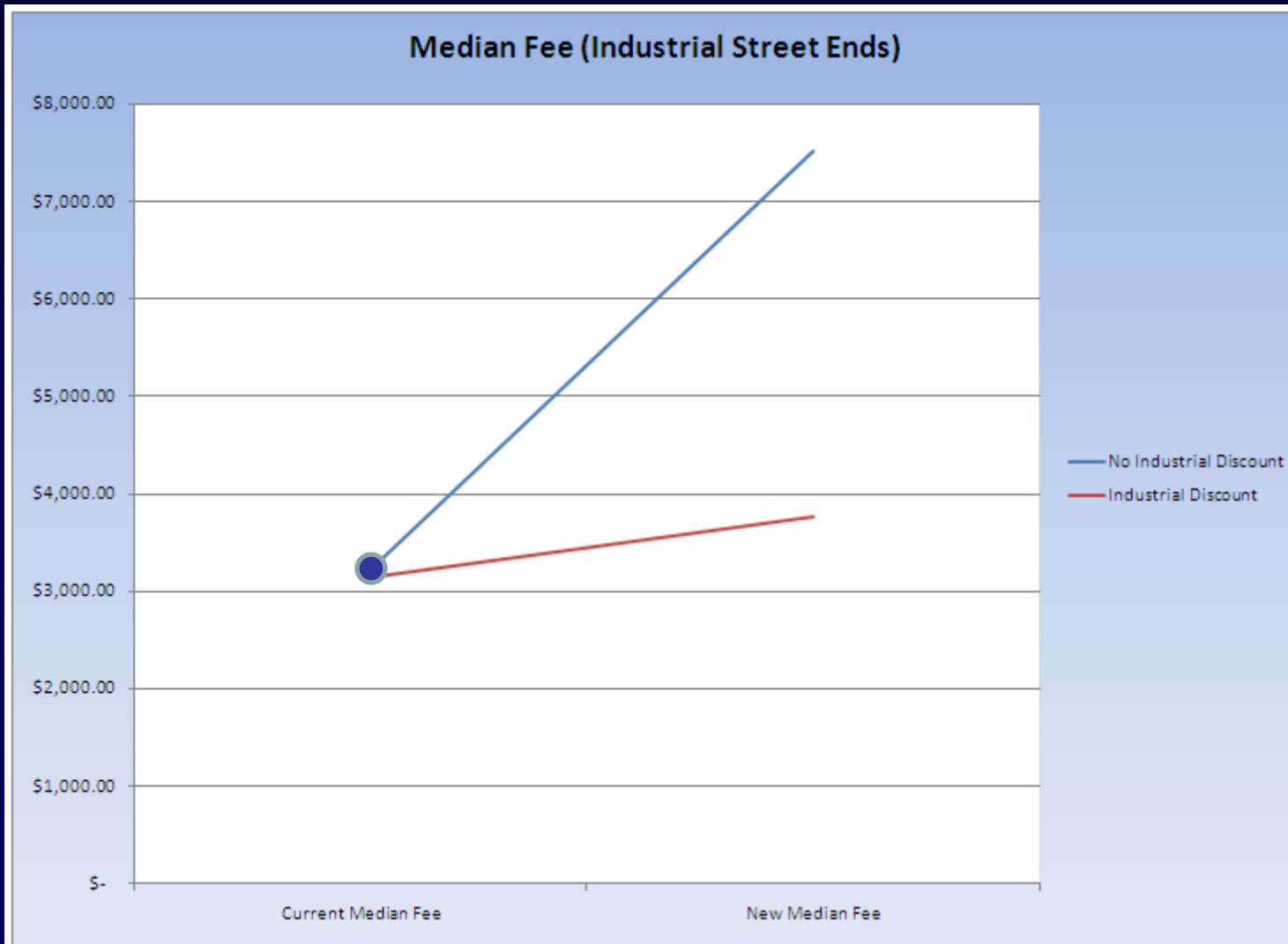
- 1999 Ordinance provides policy support only of Maritime uses
- This proposal incentivizes all Industrial uses
 - New proposal aligns with Comprehensive Plan which supports all industrial uses
 - Easier to administer
 - Implements council direction during recent budget review
 - Addresses changes in property values
 - Reflects outreach with stakeholders in industrial base

Industrial Discount Factor

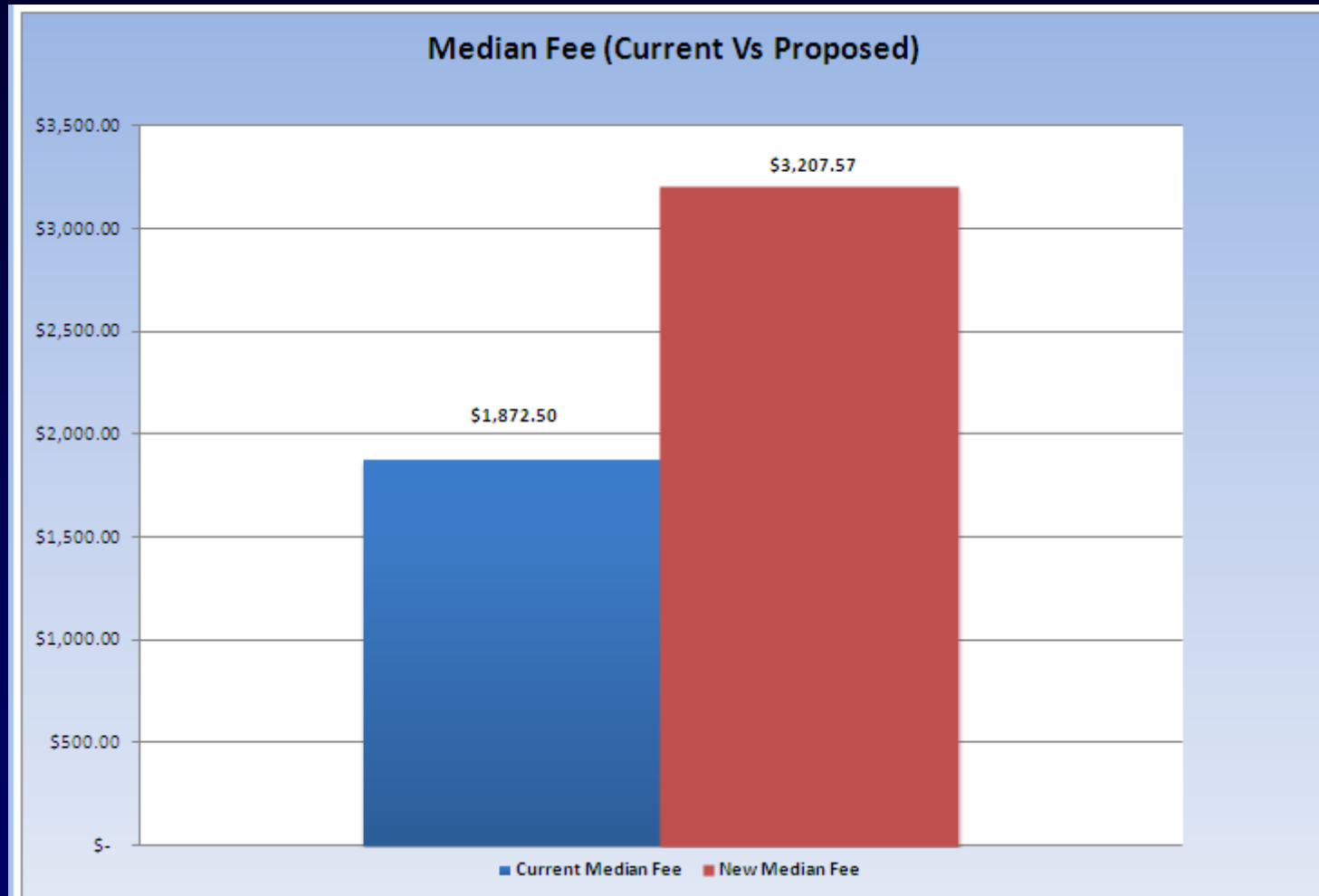
- *Industrial uses are generally not suited for public access*
 - *High bank*
 - *Truck-pedestrian conflicts*



Industrial Street Ends



Median Land Value



Current Range: \$112 - \$35,100

New Range: \$140 - \$98,440

Shoreline Street Ends

- Original bill assumes a four year phase-in
- Council direction reduced to a two-year phase-in (complete by 2012)
- Revenue restricted to SSE enhancements
 - Used to enhance public access thru vegetation management, installation of public amenities, etc

